

Message Text

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ACTION L-03

INFO OCT-01 ARA-10 EUR-12 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10
INT-05 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 IO-13 NRC-05
CEQ-01 DOEE-00 /148 W
-----082484 180044Z /15

P 180019Z FEB 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 8422

INFO AMEMBASSY BELGRADE PRIORITY

AMEMBASSY VIENNA PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 MEXICO 02966

USIAEA

E.O. 11652: GDS

TAGS: ENRG, TECH, PARM, MX

SUBJECT: NON-PROLIFERATION LEGISLATION

REF: STATE 39449

1. EMBASSY GREATLY APPRECIATES TIMELY AND DETAILED SUMMARY OF SUBJECT LEGISLATION PROVIDED REFTEL. WE LOOK FORWARD TO ALSO RECEIVING SUBSEQUENT MESSAGE PROMISED PARA 18 REFTEL, AS THIS WILL BE OF GREAT INTEREST TO GOM AUTHORITIES.

2. REFTEL IS QUITE CLEAR, AND WE HAVE NO QUESTIONS OF ANY SUBSTANCE TO RAISE WITH DEPT.

3. WE DO, HOWEVER, WANT THE DEPT (AND THE WHITE HOUSE IF DEPT DESIRES) TO HAVE THE BENEFIT OF THE FOLLOWING ANALYSIS OF HOW WE VIEW THE LIKELY IMPACT OF THIS LEGISLATION.
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TION ON U.S.-MEXICAN RELATIONS. OBVIOUSLY, IN MEXICO'S CASE, THE RESULTANT AMENDMENT TO THE U.S.-IAEA AGREEMENT FOR COOPERATION WOULD BE THE VEHICLE FOR IMPLEMENTING THE NEW LEGISLATION. (WE WOULD, INCIDENTALLY, BE AMAZED IF MEXICO WOULD AGREE TO CONSIDER THAT AMENDMENT AT THE FEBRUARY IAEA BOG MEETING, OR, IF IT IS CONSIDERED, DID ANYTHING BUT OPPOSE IT VEHEMENTLY WITH ALL THE GUNS AT ITS

DISPOSAL.)

4. RE PARA 4 OF REFTTEL, MEXICO UNLIKELY TO HAVE ANY PROBLEM WITH SUBPARAS (1) THRU (6). RE SUBPARA (7) (PRIOR US APPROVAL OF REPROCESSING, ETC.) WE DOUBT MEXICO WILL ACCEPT SUCH A PROVISION. MEXICO, WE THINK, WILL DEMAND THAT IT BE ALLOWED TO KEEP ALL ITS OPTIONS OPEN FOR EVENTUAL REPROCESSING OF SPENT FUEL (WHICH WILL PROVIDE AN INVALUABLE FUTURE ENERGY RESOURCE) INDEPENDENT OF THE VIEWS OF ANY FOREIGN GOVERNMENT. (THIS WILL BE PARTICULARLY SO IN VIEW OF THE U.S. ADMINISTRATION'S PRESENT POLICY AGAINST REPROCESSING.) MEXICO IS SIMILARLY LIKELY TO BALK AT SUBPARA (8) AND PERHAPS AT SUBPARA (9) FOR SIMILAR REASONS. SUBPARA (5) OF PARA 6 REFTTEL (AS IMPLEMENTED IN A REVISED US-IAEA AGREEMENT) WILL BE UNACCEPTABLE, WE THINK, FOR SIMILAR REASONS. OF COURSE, IF IAEA HAS AGREED TO RENEGOTIATE (AS IT HAS), PERHAPS 24 MONTH WAIVER CLAUSE WILL PERMIT NECESSARY SHIPMENTS OF AT LEAST LAGUNA VERDE 1 INITIAL CHARGE, IF NOT LAGUNA VERDE 2.

5. WITH RESPECT TO PARA 9 ("SUBSEQUENT ARRANGEMENTS"), IT IS DIFFICULT TO SEE HOW U.S. REPROCESSING CONSENT CAN EVER BE GIVEN TO A NON-WEAPONS STATE, HENCE MEXICO IS LIKELY TO TAKE NO SOLACE IN THIS PART OF NEW LEGISLATION, ONCE GOM HAS CHANCE TO STUDY IT.

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6. PARA 12 ("FUEL ASSURANCE INITIATIVES") IS LIKELY TO MEET WITH SOME RECEPTIVITY HERE, PARTICULARLY IDEA OF MULTILATERALIZING ENRICHMENT FACILITIES. IDEA OF NEW INTERNATIONAL FUEL AUTHORITY MAY BE REGARDED AS A URANIUM OPEC. MEXICO LIKELY BE INTERESTED IF INTERNATIONAL REPROCESSING WERE ALSO INCLUDED.

7. AS DEPT WELL AWARE, MEXICO HAS OVER LONG PERIOD OF TIME BEEN A LEADER, IF NOT THE LEADER AMONG LDC'S AND FOR THAT MATTER IN ENTIRE WORLD IN NON-PROLIFERATION. OPEN CONFRONTATION WITH U.S., WHICH WE FORESEE, UNLIKELY TO BE HELPFUL TO U.S. IMAGE ELSEWHERE.

8. HOW MUCH TIME DO WE HAVE WITH MEXICO? LAGUNA VERDE I WILL NOT BE OPERATIONAL BEFORE 1982. FIRST CORE SHIPMENT, WE UNDERSTAND, SHOULD BE MADE BEFORE END OF 1978, HOWEVER, AND MEXICANS WILL, WE THINK, BE MOST RELUCTANT TO PAY FOR STORING THIS FUEL IN THE U.S.

9. IF A NEW US-IAEA AGREEMENT IS NOT CONSUMATED, WE WOULD PREDICT THAT MEXICO WILL TRY TO HOLD US TO EXISTING COMMITMENTS, AND WOULD PROBABLY NOT HESITATE TO INVOKE THE

DISPUTES SETTLEMENT PROVISIONS OF THE U.S.-MEXICO-IAEA
SUPPLY AGREEMENT FOR LAGUNA VERDE.

10. HOW FAR WILL MEXICO GO? OF COURSE IT IS TOO EARLY TO
SAY, BUT, IN THE EXTREME, WE CANNOT RULE OUT THAT THE
MEXICANS WOULD BE WILLING TO LEAVE LAGUNA VERDE UN-
COMPLETED (OR SEEK FUEL FOR IT ELSEWHERE) WITH ALL THE
WORLD MADE AWARE OF CHARGE THAT USG IS NOT ADHERING TO A
SOLEMN COMMITMENT. HOPEFULLY, A SOLUTION MUCH SHORT OF
THIS CAN BE NEGOTIATED, BUT MEXICAN STUBBORNNESS TO STAND
ON A MATTER OF "PRINCIPLE" REGARDLESS OF THE ECONOMIC
CONSEQUENCES SHOULD NOT BE UNDERESTIMATED.

11. IN ANY CASE, WE WANTED DEPT TO HAVE BENEFIT OF ABOVE
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CEQ-01 DOEE-00 /148 W

-----082546 180046Z /15

P 180019Z FEB 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 8423

INFO AMEMBASSY BELGRADE PRIORITY

AMEMBASSY VIENNA PRIORITY

C O N F I D E N T I A L SECTION 02 OF 02 MEXICO 02966

USIAEA

ANALYSIS SOONEST IN ORDER THAT IT COULD BE FACTORED INTO
OVERALL USG THINKING ON THIS ISSUE. WE ARE COGNIZANT OF
OVERWHELMING CONGRESSIONAL SUPPORT FOR THIS LEGISLATION

AS WELL AS ADMINISTRATION'S STRONG BACKING FOR A BILL
ALONG THESE LINES. GIVEN THE GREAT IMPORTANCE THAT WE
BELIEVE THE ADMINISTRATION ATTACHES TO GOOD U.S.-MEXICAN
RELATIONS, HOWEVER, WE WANT TO PROVIDE THIS EARLY WARNING
THAT WE PERCEIVE THIS TO BE A POTENTIAL MAJOR CONFRONTA-
TION BUILDING BETWEEN OUR TWO COUNTRIES.

12. ASSUMING THAT THE BILL IS SIGNED, WE WOULD URGE THAT,
TO ATTEMPT TO MINIMIZE THE CONFLICT SO FAR AS POSSIBLE,
WE INITIATE "POLICY LEVEL" DISCUSSIONS OF THESE ISSUES AT
THE EARLIEST POSSIBLE DATE. WE PERCEIVE THE KEY MEXICAN
OFFICIALS ON NUCLEAR POLICY TO BE DIRECTOR-IN-CHIEF FOR
INTERNATIONAL ORGANIZATIONS SERGIO GONZALEZ GALVEZ OF
FONSEC AND DALMAU COSTA ALONSO, DEPUTY DIRGEN OF INEN.
FORTHCOMING VISIT TO NEW YORK AND WASHINGTON OF FORMER
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MIGHT PROVIDE GOOD OPPORTUNITY TO INITIATE SUCH
DISCUSSIONS. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, NPT
Control Number: n/a
Copy: SINGLE
Draft Date: 18 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MEXICO02966
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780074-1177
Format: TEL
From: MEXICO USIAEA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780237/aaaabfnt.tel
Line Count: 193
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 28ed07d4-c288-dd11-92da-001cc4696bcc
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 39449
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3549391
Secure: OPEN
Status: NATIVE
Subject: NON-PROLIFERATION LEGISLATION
TAGS: ENRG, TECH, PARM, MX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/28ed07d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014